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**SECURITY INFORMATION**

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**CURRENT INTELLIGENCE DIGEST**

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SOVIET UNION

1. First westward passage of Volga-Don Canal reported: The Soviet press reported that a diesel tug was the first ship to embark on the westward journey from the Volga through the locks of the Volga-Don Canal. The tug towed several floating docks to be used eventually for passenger service along the canal. The vessel had completed the round trip to Kalach-on-Don and back to Krasnoarmeysk by 17 June, when it was already reported on its second voyage. [REDACTED]

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Comment: According to Soviet press reports, the short canal below the Tsimlyansk Reservoir was filled on 1 June, thereby rendering the waterway navigable along its entire length from Krasnoarmeysk on the Volga to the Azov Sea.

2. Harvest difficulties in USSR reported: American Embassy personnel report that from 40 to 60 percent of the winter grain seen on trips south of Moscow is flattened by the weather. As a result, harvesting machinery must by-pass those places where the grain is most seriously lodged. Spring grains are said to be generally thin and weedy.

These reports confirm recent statements in the Soviet press that widespread flattening of grain has presented great harvesting difficulties. The Embassy comments, however, that losses from this cause should be slight, in view of excellent weather, which should permit hand harvesting. The Embassy also remarks that the delay this year in announcing the fulfillment of obligatory grain deliveries does not necessarily indicate a smaller crop than 1951. Excellent harvesting weather may have a compensating effect. (S Moscow Weeka 32, 9 Aug 52)

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EASTERN EUROPE

3. Russian Ambassador to Hungary reportedly suffering from "political indisposition": The Russian Charge at Budapest informed US Minister Ravndal during the presidential reception on 18 August that Russian Ambassador Kisselev is seriously ill and probably will not return to his post. Ravndal notes that he saw Kisselev before his departure on "sick leave" and believes the Russian Ambassador is only "politically indisposed for the Hungarian situation." (C Budapest 151, 18 Aug 52)

Comment: Russian ambassadorial shifts at Prague and Bucharest last month aroused speculation that the Ambassador to Hungary would also be replaced by a "Russian hatchetman." It appears that a replacement will soon arrive in Budapest, possibly to direct the long-expected purge.

4. New joint Soviet-Rumanian companies set up: Two new Soviet-Rumanian companies were set up in Bucharest on 15 August. The Sovrom Oil Equipment Company will produce extension and drilling equipment and installations for crude oil processing. The Sovrom Naval Company will manufacture river and sea vessels. (R FBIS Bucharest, 18 Aug 52)

Comment: A trend has recently been noted in both Rumania and Hungary, the two Satellites where these joint companies exist, toward Soviet withdrawal from minor holdings and concentration upon basic extractive industries and transportation. The two new companies in Rumania apparently fit in with that trend, expanding the operations of the already existing Sovrompetrol Company in oil production and the Sovromtransport Company in land and water transport.

An apparently new feature is the creation of separate companies for the manufacture of equipment for the oil industry and ships for transport. Up to now, the main Rumanian shipyards have apparently been under the control of Sovromtransport. Oil drilling and refinery equipment of poor quality has reportedly been manufactured in small quantities in Rumanian plants, evidently controlled by Sovrompetrol, or imported from Poland, Czechoslovakia, or the USSR. Western embargoes have made it virtually impossible for Rumania to get good quality equipment to replace prewar stocks. However, the new Sovrom Oil Equipment Company will allegedly produce enough in addition to domestic requirements to export oil equipment to "friendly countries."

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5. More Korean children arrive in Rumania: The American Legation in Bucharest reports that 1,000 more Korean children, many of them orphans from three to seven years of age, have joined the 500 who arrived in Rumania last April. They reportedly came from the Pyongyang area by way of the Trans-siberian Railroad for a "summer vacation." However, the Legation believes that the length of this trip will preclude an early return and that this may mean another large scale resettlement such as took place with Greek children during the Greek civil war. (R Bucharest 50, 15 Aug 52)

Comment: The Rumanian National Committee for the Relief of the Korean People last spring invited 1,500 Korean children to Rumania, and this total has apparently now been reached.

Korean children have also arrived in the other Orbit countries. In July, over 200 came to Bulgaria, and there are reportedly several hundred others now in summer resorts in other Satellites.

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FAR EAST

6. Japanese-British jurisdictional dispute having serious repercussions: Anglo-Japanese relations have become more acute over the arrest and conviction of two British sailors in Japan, according to Ambassador Murphy. He reports that the British and New Zealand representatives have indicated that disturbed public opinion in their countries over the incident may force their governments to reconsider the extent of their participation in Korea, and may weaken support for Japan's membership in international organizations.

Murphy also notes that the incident has made the likelihood of an early compromise on the issue of criminal jurisdiction over UN forces in Japan more remote. He believes that government inability to control the judicial officials is a further indication of the Yoshida cabinet's deteriorating strength. (C Tokyo 624, 18 Aug 52)

Comment: Despite intercession by the Foreign Office, Japanese judicial and procuratorial officials have refused to permit release of the sailors on the ground that the law of Japan must be executed. Despite strong official protests from the British, the Japanese Government is finding it difficult to effect a solution in the face of sensitive public opinion and critical attacks on its "weak-kneed" diplomacy. The incident is also reviving attacks on the criminal jurisdiction provisions of the US-Japan Security Treaty, which has been an important factor in the decline of Yoshida's popularity.

7. Chinese retaliate against British for loss of civil aircraft: The Chinese Communist requisitioning of British-owned properties in Shanghai (Shanghai Dockyards Ltd. and Mollers Shipbuilding and Engineering Works) is regarded by Hong Kong as a reprisal for the decision awarding to the Chennault-Willauer interests the 40 civil aircraft claimed by the Communists. Hong Kong officials received with some relief the news of the Communist seizure, having feared worse retaliation. (C Hong Kong 410, 18 Aug 52)

Comment: The Chinese did not mention the loss of the planes in their seizure order, but the timing clearly suggests that it was intended as a reprisal. The seizure of British properties follows Communist precedent of last year, when the Hong Kong government requisitioned a 15,000-ton oil tanker claimed by Peiping, and, in retaliation, the Chinese requisitioned the properties of the British-owned Asiatic Petroleum Corporation.

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8. Chinese Communist division reportedly moved to Kansu rebellion area: [redacted]

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[redacted] approximately one division of Chinese Communist troops was observed moving northward through Tienshui in Kansu Province. This troop movement is reportedly connected with the recent Moslem uprising in that area. (S Hong Kong 387, 15 Aug 52)

Comment: Although this report may be describing the movement of the single Chinese Communist division already stationed at Tienshui, it is more likely that a new division has been transferred there. At last report the Moslems had been driven into the mountains but the Chinese Communists felt that they had an insufficient number of troops to hunt them down.

9. Bao Dai reportedly refuses French request to negotiate with Viet Minh: Bao Dai is reported [redacted]

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[redacted] to have stated to a confidant recently that Letourneau asked him in May to participate in efforts to open negotiations with the Viet Minh. Bao Dai's present trip to France is said to be designed to avoid involvement in current French-Viet Minh negotiations. [redacted]

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Comment: Many recent reports have alleged that the French were attempting to open negotiations in May. Ambassador Heath in Saigon, however, early in August dismissed as local gossip new rumors of negotiations raised by Bao Dai's trip.

In June, Letourneau told American officials that France would not negotiate unless the Viet Minh took the initiative, in which case he would consult the Vietnam Government and the "free world." In April, however, while discussing before the French Assembly the possibility of a "solution," he had said that there would be a chance of succeeding only if action were taken without publicity, and referred to "contacts and conversations which have taken place."

10. Tactical cooperation between Chinese Nationalists and Karens in Burma reported: A Burmese cabinet minister has informed the American Embassy in Rangoon that regular Chinese Nationalist units are moving southward between the Salween River and the Thai border from their Kengtung base and are cooperating tactically with Karen forces operating in eastern Burma.

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The minister believes that the Nationalists wish to prevent the surrender of the Karens, which would free Burmese forces for operations against them. (C Rangoon 253, 18 Aug 52)

Comment: There are no other indications that organized Chinese Nationalist activities have extended as far southward as the minister reports.

Chinese Nationalist tactical and material support of the Karens, believed near the point of surrender by many observers, would prolong their insurrection against the Burmese Government.

11. "Selective terrorism" campaign in progress in Malaya:  
The murder of two British planters and six police guards during the past two days and the early August ambush of 15 policemen, occurring during a period of generally reduced terrorist activity, supports the speculation that the Communists have embarked upon a campaign of selective terrorism.

Two captured documents, both dated January 1952, indicated that although terrorist activity in Malaya should be reduced, it should continue on a selective basis. The distinction in determining terrorist objectives was made quite clear in the document, which directed an end to certain types of economic sabotage and stated that activities which cause too much trouble and danger to potential Communist supporters must cease. An increase in railway sabotage was advocated only when it involved "British imperialists" and did not endanger other passengers.

Since 1949, and particularly during the past year, the Malayan Communist Party has emphasized the importance of increasing its support among the masses. Such a selective campaign which continues to tie down British forces but lessens the possibility of alienating the general populace appears to conform with present Communist aims. (Factual data from: S Singapore Joint Weeka 33, 15 Aug; U AP Kuala Lumpur, 18 Aug 52)

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SOUTH ASIA

12. Pakistan negotiating with Soviet Union for 300,000 tons of wheat: The Pakistani Prime Minister has told American Ambassador Warren that he is negotiating with the USSR for 300,000 tons of wheat in exchange for cotton and jute. He added that if the 300,000 tons of wheat requested from the United States were not forthcoming, he would have to ask the Soviet Union for a total of 600,000 tons to ease his country's prospective food shortage. (S Karachi 230, 18 Aug 52)

Comment: According to the best available estimates, Pakistan will need to import between 400,000 and 500,000 tons of wheat within the next twelve months. Of this amount, Pakistan has obtained almost 150,000 tons from Turkey and India, and it has tried to acquire the balance from the United States. There is no indication that Pakistan will need more than 300,000 tons from either the United States or the Soviet Union.

13. Probable Communist-front activity in Kashmir: A Peiping radio broadcast of 18 August described a "cultural peace conference" held in Kashmir on 8 and 9 August, which represented what was probably the first formalized overt Communist activity in that state.

The conference, reported as the first of its kind in Kashmir, was presided over by Ghulam Sadiq, President of the Kashmiri Constituent Assembly and addressed by Afzal Bey, Kashmiri Finance Minister. These men are among Sheikh Abdullah's closest advisers and are both suspected Communists.

The 100 delegates attending the conference included prominent Kashmiri poets, singers, artists, and representatives of village peace committees. Persons in these categories have figured largely in Indian cultural delegations visiting the USSR and China and in the most successful Communist-front groups in India.

The conference passed a typical Communist-line resolution urging world peace and condemning American bombing of the Yalu River hydroelectric plants in Korea. (Factual data from: R FBIS Peiping, 18 Aug 52)

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NEAR EAST - AFRICA

14. Greek monarch reportedly favors service government:  
King Paul of Greece told the American Ambassador on 13 August that he would try to bring about the formation of a service government which would be headed by a non-political prime minister and be composed of the ablest members of parliament. This government would hold office for six months, after which elections would be held.

The King added that if a service government could not be formed, he would call for national elections within forty-five days. (S Athens Joint Weeka 33, 16 Aug 52)

Comment: Prime Minister Plastiras' apparent preference for immediate elections if his government fails to win a vote of confidence, as well as opposition leader Papagos' distrust of the King, present formidable obstacles to the formation of a service government.

15. Egyptian Communist leaders arrested for opposition to army group: The Egyptian Army arrested 30 to 40 Communist leaders at the party's headquarters in Cairo on the night of 16 August. [REDACTED]

25X1C [REDACTED] the action was taken following the circulation of Communist pamphlets attacking army leaders.

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25X1C [REDACTED] asserts that the army has evidence that Egyptian Communists have contact with the USSR through the Tudeh in Iran. (S Cairo 383, 18 Aug 52)

Comment: Earlier on 16 August the police reportedly arrested ten workers and students in Cairo for Communist activities.

This was the first action by the army against Communist agitators. It follows a declared policy of vigorous suppression of any group threatening disorders.

16. Spanish Moroccan nationalists cease publication of newspaper: The Spanish Moroccan nationalist party, Islah, has suspended publication of its newspaper because of increasing difficulties with Spanish authorities. The nationalists regard the limitation of circulation to the

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three principal cities in the Spanish zone and indirect censorship as violation of the February agreement permitting free expression of opinion. (C Tangier Weeka 6, 7 Aug 52)

Comment: Suspension of the newspaper is probably an attempt by Islah's leaders to put pressure on the Spanish authorities in Morocco. Although civil liberties were theoretically restored to Spanish Moroccan nationalists in early 1952, the Spanish authorities have nevertheless continued to watch the party's activities and have sponsored another native organization to hold Islah's influence to a minimum.

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WESTERN EUROPE

17. New East German sports committee held part of military preparation: The first task of the new East German State Committee for Physical Culture and Sport will be the physical preparation of youth for military service and the development of facilities for these tasks, in the opinion of American officials in Berlin. They believe that the committee is the East German counterpart of the Soviet All-Union Committee for Physical Training and Sport, and that its extensive powers clearly indicate its complete authority over all other organizations in the field of sport and physical culture. (C Berlin 293, 18 Aug 52)

Comment: Publication of the decree on 17 August setting up the new committee has revealed the new but heretofore vague "society for sports" as entirely separate from other sport organizations, such as those under the Free German Youth. The importance attached to the committee is indicated by the composition of the advisory council, which includes representatives of the Free German Youth, the trade unions, and the Interior ("Defense") and Education Ministries.

18. East German Government extends controls over social and private life: The East German Government has within the past week made several moves which, if accurately reported, portend still greater regimentation over East Zone social and family life. On 14 August, for example, the Council of Ministers announced a new state radio committee whose purpose, in the view of American officials in Berlin, is the further tightening of control over all aspects of communication and propaganda. That this control will be extended to the listener level is suggested by unconfirmed press reports of the seizure of radios in Thuringia and the installation of centrally-controlled public loud-speakers.

Meanwhile, West German newspapers report that, despite protests from Protestant church officials, the East Berlin government has ordered parents to transfer their children enrolled in West Berlin schools to East Zone institutions. West German sources also state that the East German Government is bringing pressure upon parents whose spouses reside in the West to obtain divorces if their children in the East Zone are to have the "privileges" of the regime.

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Although these last reports are unconfirmed, measures to finalize government control over education and youth training are expected. Free German Youth leaders have recently warned that the East Zone will not "allow youths to be pushed into conscience conflicts under pretext of religious interests" and that "whoever touches FDJ unity" will be regarded as a traitor. (Factual data from: R FBIS Frankfurt, 12 Aug 52; U Bonn 680, 14 Aug 52; R Berlin 283, 15 Aug 52; U Berlin 282, 15 Aug 52)

19. Belgian Socialists may exploit conscription issue at international labor meeting: The American Embassy in Brussels believes that the Belgian Socialist labor organization will try to turn the ICFTU conference of EDC country affiliates on 6 September to the advantage of the Socialist campaign against the government over the conscription issue.

The ICFTU has taken steps to avoid political exploitation of the conference, but the Embassy thinks the conference may give the Socialists support by recommending a reduced uniform conscription period. (C Brussels 190, 18 Aug 52)

Comment: The day after the 12 August EDC meeting failed to act on a Belgian request for a uniform period of military service, the government announced a program of furloughing draftees after 21 months' service. It hoped thereby to rob the Socialists of a trump which had proved effective in the 9 August general strike.

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